

EXHIBIT “C”

DECLARATION OF STANLEY J. OTA

I, STANLEY J. OTA, hereby declare:

1. I am currently employed by the California Department of Transportation (hereinafter, "DOT") as the Chief of the Office of Financial Accounting and Analysis. I have held this position for approximately one (1) month. I have personal knowledge of the facts set forth herein, and if called upon to testify, I would be able to do so competently.

2. Prior to assuming this position, I was employed by the DOT as the Chief of the Office of Fiscal Systems. I held this position for approximately six (6) years.

3. I am readily familiar with the DOT's regular business practice for construction contract payments. Pursuant to that normal business practice, upon the DOT engineer's estimate of the work done by the contractor, the DOT creates a Progress Payment Voucher to initiate payment to the contractor. Payment is then made by the State Controllers Office and expenditures are recorded in the DOT. Once expenditures are recorded in the DOT, federal reimbursement of those expenditures are requested from the Federal Highways Administration (hereinafter, "FHWA") for federally approved projects.

4. Work performed on Contract No. 02-366704 was originally funded, in part, by the United States Department of Transportation (hereinafter, "Federal Funds"). Federal Funds totaling \$1,014,339.43 were originally reimbursed to DOT for work performed pursuant to this contract.

5. For work performed on Contract No. 02-366704, the DOT has made total payments of Federal Funds to the prime contractor, Timberworks, of \$1,014,339.43.

Attached hereto as Exhibit A is a true and correct copy of a DOT Expenditure Report, which accurately reflects the amounts and dates of the Federal Fund payment transactions. On this report, the Fund Source code "F" indicates federal funds. The Batch Type code "P" indicates that the transaction was generated from the Project Information System Analysis (PISA), which is the system the DOT engineers use to

estimate the work completed on a project, hence creating the payment transaction to the contractor.

6. Following commencement of the work pursuant to Contract No. 02-366704, the United States Department of Transportation determined that payment for the work could not be made with Federal Funds. Therefore, the DOT processed an adjustment transaction to the project to credit the Federal Funds and apply expenditures to State Funds on September 8, 2004.

7. Attached hereto as Exhibit B is a true and correct copy of a DOT Expenditure Report, which accurately reflects the amounts and dates of said adjustment. Note that the total credit amount shown on this report is larger than the amount of Federal Funds paid on Contract No. 02-36674, as the entire Federal Funds were credited on the project, which includes expenditures/payments made to others besides Timberworks.

On this report, the Batch Type code "K" indicates that the transaction was generated from the Current Billing and Reporting System (CBARS), which is the system that creates transactions to "bill" the FHWA and is used to process adjustment transactions that impact the federal reimbursement.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, except for those matters stated on information and belief, and as to those matters I believe them to be true. Executed on April 5th, 2006, in Sacramento, California.


STANLEY J. OTA